



# DONGFANG MODERN AGRICULTURE HOLDING GROUP LIMITED

Annual Report 2015





**The leading  
citrus company  
operating  
within the  
world's largest  
market**

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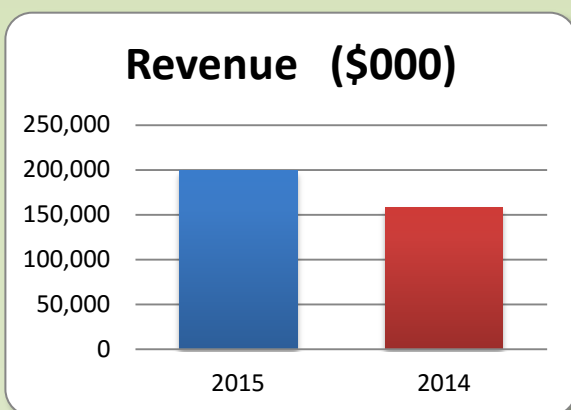
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## KEY HIGHLIGHTS

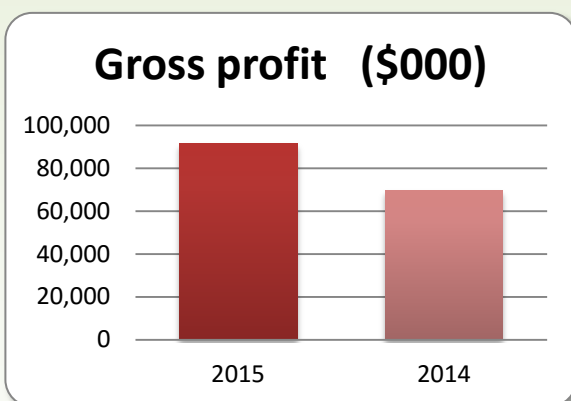
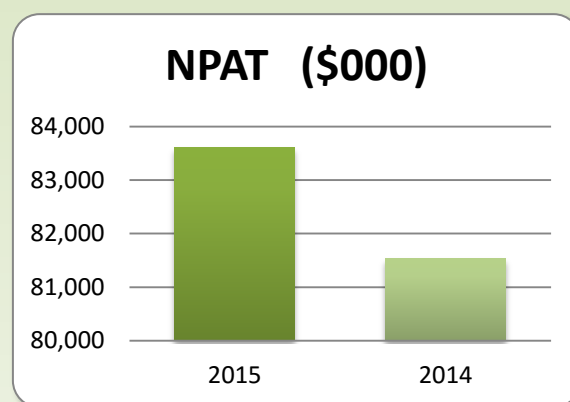


- Market leader citrus harvester within the world's largest agribusiness market
- Fourth consecutive year of record harvest production
- Normalised profit before tax up 30%
- Maiden dividend declared of 5 cents per share
- Total plantation area spans over 8600 hectares



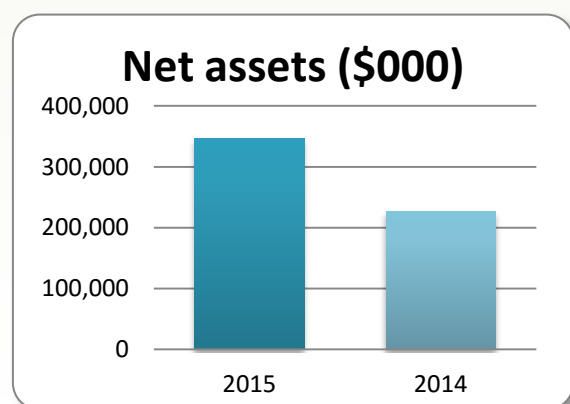
**REVENUES**  
**↑ 26%**

**NPAT**  
**↑ 2.5%**



**GROSS PROFIT**  
**↑ 31%**

**NET ASSETS**  
**↑ 53%**



## EXECUTIVE CHAIRMAN'S REVIEW



I am pleased to present you with Dongfang Modern's 2015 Annual Report, our first as a listed entity on the Australian Securities Exchange.

It has been an outstanding year for the company on several fronts, most notably with a record harvest driving our output to almost 240,000 tonnes. This represents a 20% increase over the previous year's harvest, and exceeds our prospectus forecasts by 6%. This also positions us as one of the largest supplier by volume of citrus fruit in China today, a position we expect to consolidate in the year ahead.

Consequently, we have delivered revenue growth of 26% to AUD199 million, increasing normalised profit before tax by 30% to AUD90 million for the year.

Our business is founded on seizing opportunities as they arise. Formed in 2005, we recognised the opportunity presented by the tremendous growth in agribusiness markets in China, and that we could position the company to become a leading supplier in certain segments, in particular various citrus and camellia products. We saw that the demand for our products were growing rapidly, yet supply sources remained incredibly fragmented. We set about acquiring and leasing plantations, and applying the latest in modern horticultural and tree husbandry practices to increase the yield and enhance their output. In turn, we re-invested all of earnings back into the business, continuously expanding our total plantation area, and increasing output every year. This strategy has certainly proved successful, enabling Dongfang Modern to become one of the largest harvester and supplier of citrus and camellia products in China today.

**"Our business  
in founded on  
seizing  
opportunities  
as they  
arise..."**

We have taken advantage of supportive Government policies aimed at increasing domestic supply of agricultural outputs, key among these being the exemption from income and VAT of our products. These exemptions have been in place since 2008, and are expected to continue for the foreseeable future.

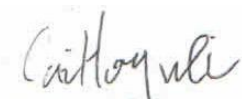
In addition, we have benefited from a number of demographic changes in China: firstly, the average disposable income of the population has substantially grown over the past decade, leading to increased demand for food products overall; and secondly, there has been a dietary shift from grains to fruits and vegetables as consumers seek healthier, more nutritious foods, resulting in increased demand for our products.

Our vision remains clear – continual growth through improving yields, select acquisitions, and leveraging our logistical networks that connect rural fruit products with consumers within tier-1 cities throughout China. That said, we continue to assess opportunities that have arisen as a result of the signing of the China-Australia Free Trade Agreement last year.

**Our vision remains clear – continual growth through improving yields, select acquisitions, and leveraging our logistical networks...**

It has been such a momentous year for the company, and the successes achieved were possible only due to the efforts and dedication of our people. On a personal note, I would like to thank Mr Barton Tso who led the company as Chief Executive Officer through the process of listing – I am glad that he has agreed to continue on as an executive director and provide us with his invaluable experience and expertise with regard to operating listed businesses in the region. I also welcome the recent appointment of Mr Charles So to Chief Executive Officer, who brings a wealth of entrepreneurial knowledge and financial acumen ideally suited to growing the company further.

On behalf of the Board, I would like to thank our management team that worked tirelessly to set the foundations for the company's sustained growth and successful listing. Finally, I extend a warm welcome to our new shareholders and thank them for their continued support.



**Hongwei Cai**  
Executive Chairman  
30 March 2016

## CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Production	Revenue	Net profit after tax	Reported EPS
↑ 19%	↑ 26%	↑ 2.5%	Steady
~240,000 tonnes	AUD 199 million	AUD 84 Million	23 cents per share

### BUSINESS OVERVIEW

The past year has seen the company achieve several significant milestones as we pursue sustainable growth through production of fruit products in China.

From an operational perspective, Dongfang Modern had its best ever harvest results, coming on the back of recent acquisitions of new plantations and improving yields for our primary products. Our strategy of applying modern cultivation and tree husbandry expertise to the predominantly traditional Chinese citrus sector, whilst leveraging off our established supply chain and logistics network to consumers in tier-1 cities, continues to net positive results. This has accelerated our path to becoming market leaders, and we are well placed to consolidate this position going forward.

On the corporate side, the company successfully listed on the Australian Securities Exchange (ASX) in 19<sup>th</sup> October 2015, following an IPO process that raised AUD39.2 million. This represents the largest raising by a new Chinese company over the past two decades on the ASX.

As of 31 December 2015, Dongfang Modern held net assets in excess of AUD 347 million (up 53% on the previous year), with current assets of AUD 170 million (up 73% on the previous year). The company has no debt. As such, we are well positioned to fund further expansion and growth initiatives over the course of the next few years.



## FINANCIAL PERFORMANCE

### Consolidated Statement of Profit and Loss

	Notes	2015		2014	
		RMB '000	AUD '000	RMB '000	AUD '000
Revenue	6	933,945	199,051	741,470	158,029
Cost of sales		-505,207	-107,674	-414,819	-88,410
Gross profit		428,738	91,376	326,651	69,619
Other income	6	1,038	221	833	178
Change in fair value of biological assets	13	-27,900	-5,946	58,780	12,528
Selling and distribution expense		-		-359	-77
Administrative expenses		-17,783	-3,790	-3,346	-713
Finance costs	7	384,093	81,861	382,559	81,534
<b>Profit before income tax</b>		<b>384,084</b>	<b>81,859</b>	<b>382,559</b>	<b>81,534</b>
Income tax expense	8	-		-	
<b>Profit for the year</b>		<b>384,084</b>	<b>81,859</b>	<b>382,559</b>	<b>81,534</b>
<b>Other comprehensive income:</b>					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		8,153	1,738	-	
Income tax relating to items that may be reclassified subsequently to profit or loss		-		-	
<b>Other comprehensive income for the year, net of tax</b>		<b>8,153</b>	<b>1,738</b>	<b>-</b>	
<b>Total comprehensive income for the period</b>		<b>392,237</b>	<b>83,597</b>	<b>382,559</b>	<b>81,534</b>
<b>Earnings per share</b>					
<b>Basic</b>	19	<b>1.09</b>	<b>0.232</b>	<b>1.09</b>	<b>0.232</b>
<b>Diluted</b>	19	<b>1.09</b>	<b>0.232</b>	<b>1.09</b>	<b>0.232</b>

In our first year as a listed company, Dongfang Modern achieved a normalised profit before tax of AUD 90 million on the back of revenues of AUD 199 million. The strong financial results stem from record harvest volumes, particularly of our largest selling product, tangerines, as well as navel oranges.

Since the PRC government's introduction of Article 27 of the New Tax Law at the start of 2008, our products have been exempt from China Enterprise Income Tax, VAT and business tax. Hence, our net profit after tax (NPAT) of AUD 84 million is similar to our normalised profit before tax. This resulted in our EPS of 23.2 cents for 2015.

The Board has announced a maiden dividend of 5 cents per share, exceeding the prospectus forecast, and representing 25% earnings payout.

## OPERATIONS

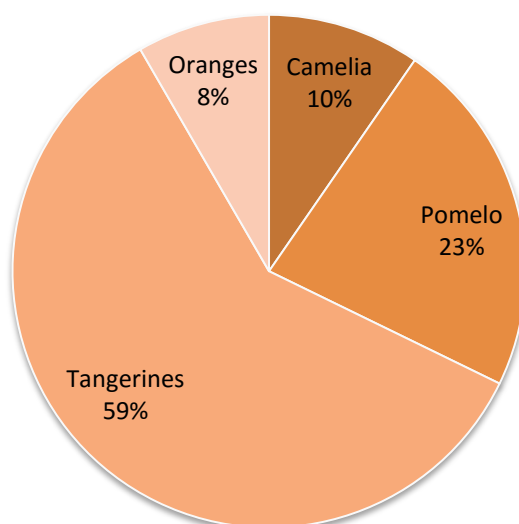
At the end of 2015, we controlled 19 plantations, spanning over 8,500 hectares, all within the China's premier citrus growing region, the Ganzhou City district within the Jiangxi Province. The region is ideal for citrus fruits, enjoying significant amounts of sunshine, good levels of rainfall (about 1500mm per annum) and a long, frost-free growing season.

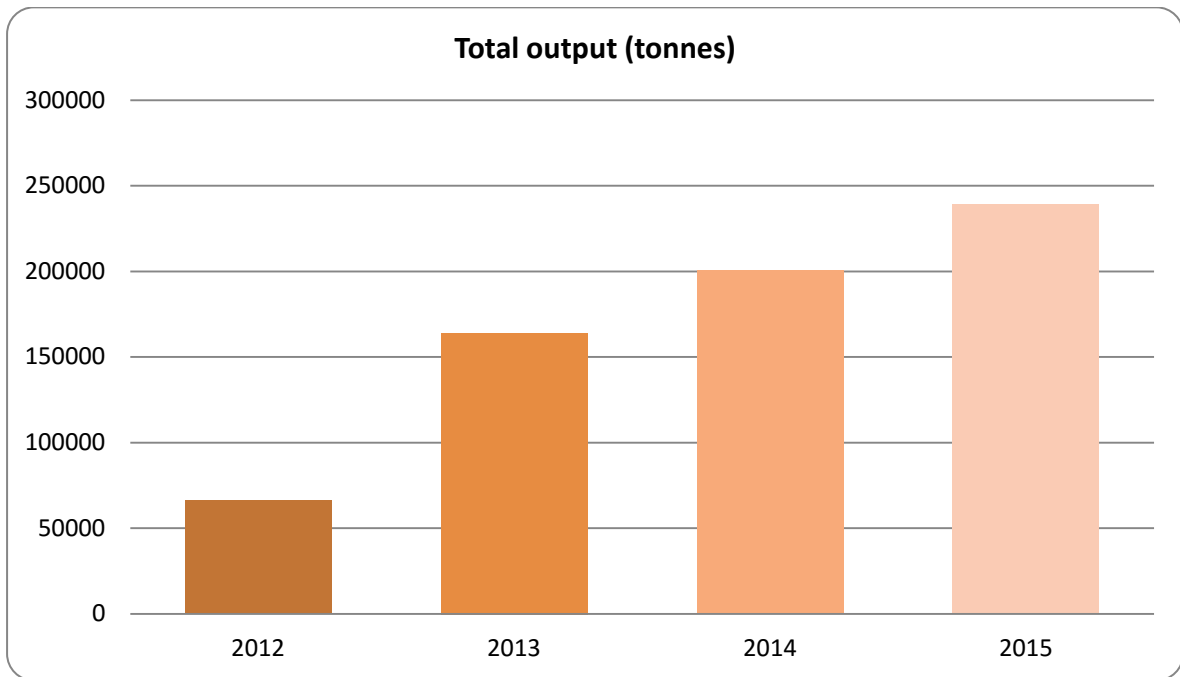
Our tremendous growth is reflected by the fact that in 2012 we held only 9 plantations covering approximately 4,500 hectares.

Demand for citrus and camellia fruits continues to increase in the PRC, accounting for ~13% of total fruit production in 2014, and remains among the fastest growing fruit segments. We expect the segment to continue to grow at a CAGR of ~10.2% by value, and 4.9% by volume, through to 2020, supported by favourable PRC government initiatives.

In 2015, we harvested 239,000 tonnes of tangerines, oranges, pomelos and camellia fruit products, a 19% increase over the 2014 result (200,548 tonnes).

**Total output by volume**



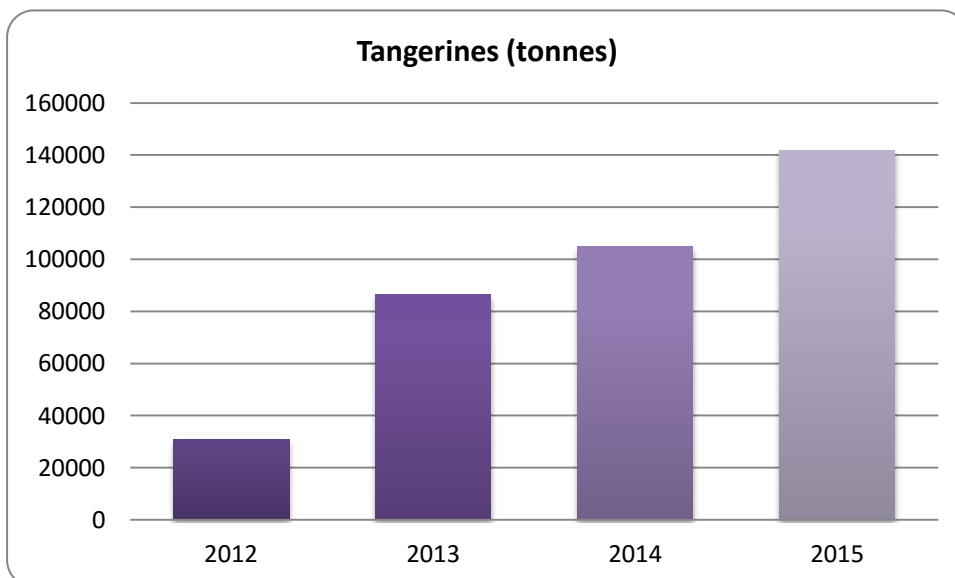


### Tangerines

Our tangerines are sourced primarily from orchards located at the source of Xunwu County, Ganzhou City. These remain our primary product, accounting for some 59% by output.

During the harvests from September to November, we produced some 142,000 tonnes of tangerines, an increase of 35% on 2014 (and exceeding prospectus projections by 10%). This greater output was primarily due to the acquisition of two new plantations.

2015 prices increased by 4% on 2014, slightly above prospectus forecasts.



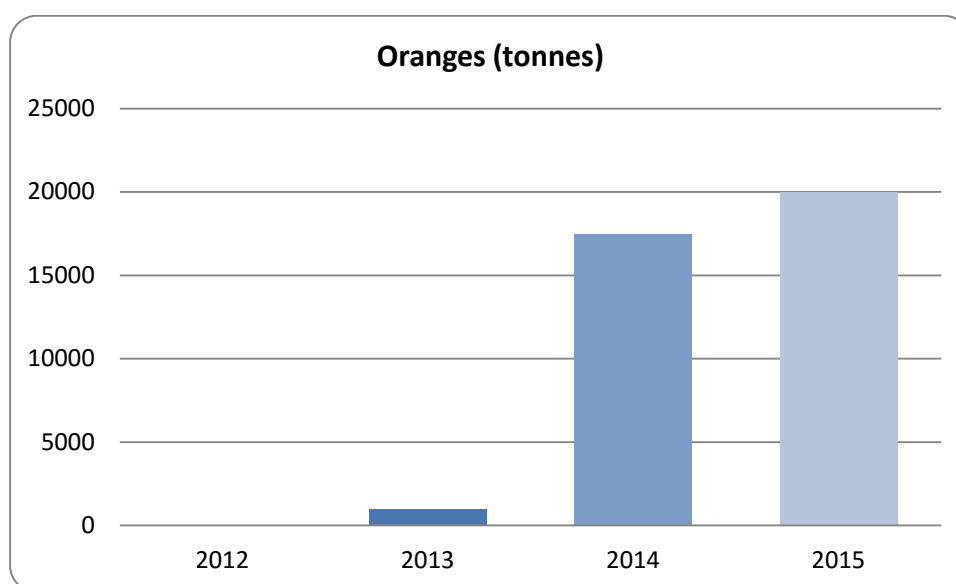


## Navel oranges

Alike our tangerines, our navel oranges orchards are located at the source of Special Citrus Zone, in the Ganzhou City of Jiangxi Province. The warm high rainfall climate and well-drained hill slopes of the region help produce fragrant, sweet fruit with a high juice. The region is widely recognised in China for supplying premier quality navel oranges, which are given the brand 'Gannan'.

The vast majority of the Gannan navel oranges are sold to tier-1 cities such as Guangdong, Zhejiang, Shanghai and Beijing, and export to overseas also.

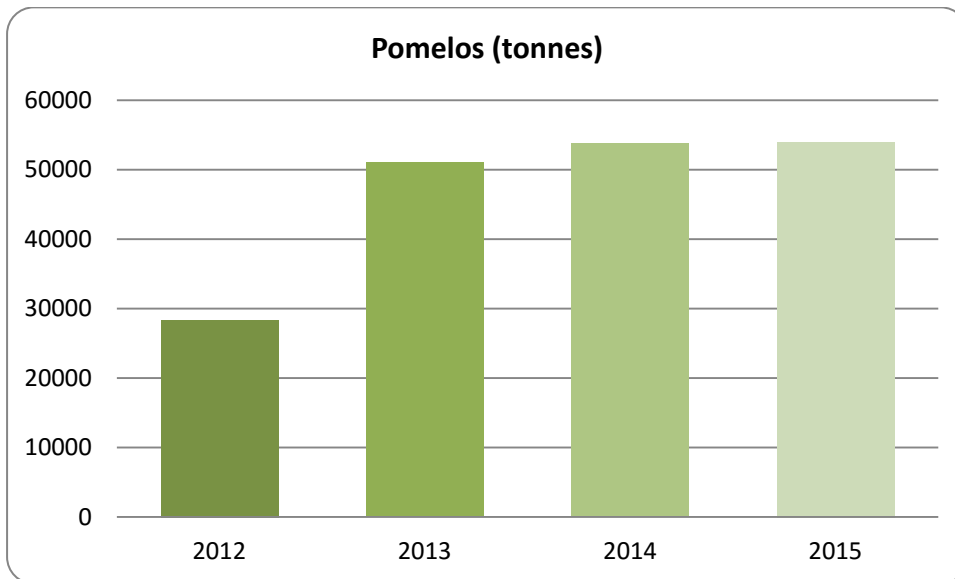
2015 represents our third harvest of oranges, with some 20,000 tonnes produced (up 17% from 2014), almost all during November 2015. Unit prices were up 14% to average \$3.89 for 2015. The increased output was as a result of maturity of trees.



## Pomelos

Our sweet pomelos are sourced from plantations in the Nankang District, south west of Ganzhou, China. These are similar to grapefruit, with white, pink or red flesh.

During October and November 2015, 54,000 tonnes of pomelos were harvested, in line with the previous year. We received unit prices of \$2.86, up 6% on the previous year.

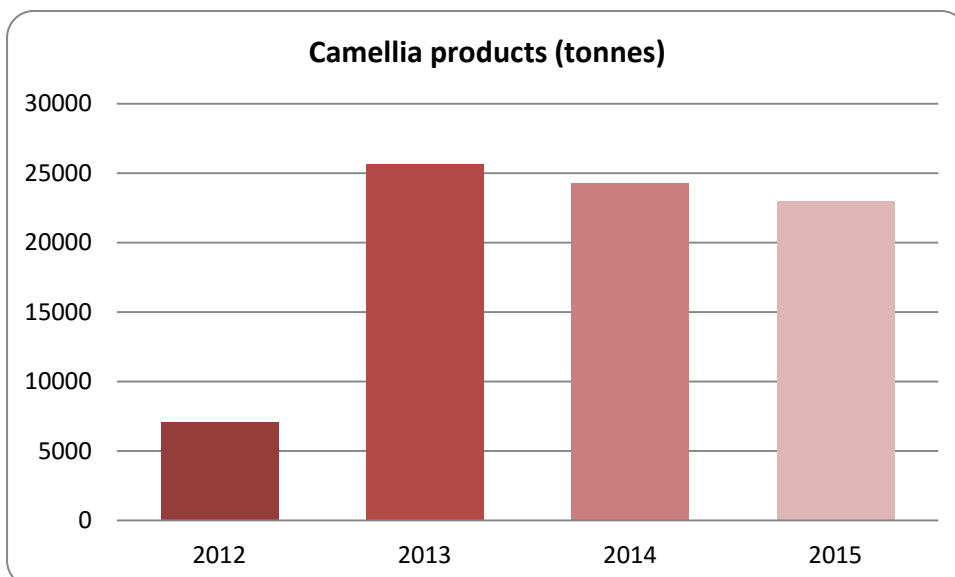


### Camellia products

Apart from citrus fruit, Dongfang Modern also harvests camellia fruit from several plantations in the Ganzhou City region including in Xingguo County.

Camellia fruit produces a nut that provides seeds and other useful by-products that are of significant value to growers and processors. In particular, our products are often pressed and processed to become camellia (or tea) oil, which Chinese consumers often use in food preparation and many other high value vegetable oil applications – similar to olive oil.

During the two-month harvest period from October through to November 2015, we produced some 23,000 tonnes of camellia fruit products, down 4.5% from the previous season. The decreased output was as a result of weather. We have used IPO proceeds on the plantations in order to improve output going forward.



We are assessing opportunities for downstream processing of our camellia products that would leverage off our existing logistical networks to consumers in tier-1 markets.

## OUTLOOK

Whilst we are pleased with the strong operational and financial performance of the past 12 months, we are not content to merely replicate the same results in the year ahead – we will assess and pursue growth opportunities that increase shareholder value and align with our knowledge and expertise.

As part of that growth strategy, the company has implemented measures to expand product capacity through increasing plantation yield and efficiency, as well as improving fruit quality. These include:

### Strategic acquisitions

We continue to identify and assess the acquisition of additional rural land contracted operation rights. These rights provide us with more control over future plantation products, soil quality, and the infrastructure on sites including irrigation, power and access roads.

In 2016, we expect to spend upwards of AUD 80 million in the acquisition of rural land contracted operation rights, including the cost of planting new trees and installation of irrigation.

These acquisitions will help the company consolidate its position as the market leading citrus and camellia company in the PRC, albeit from a total market share of under 2% today. As such, we still perceive enormous scope and opportunity to consolidate within these segments of the highly fragmented fruit industry, and seek to grow to no. 1 market share within the next few years.

### Better quality products

We continuously seek to improve the quality of our fruit products through better tree maintenance, selecting breeding varieties of fruit trees, improving soil properties and the implementation of camellia organic cultivation. Higher quality fruit products command better pricing.

### More efficient production practices

The company is committed to improving operating efficiencies at all our plantations, thereby delivering higher margins and lower costs. As we expand, economies of scale effects should gradually become apparent by the increase in the area of plantation land and the continuous improvement of management.

### China- Australia Free Trade Agreement opportunities

China is Australia's largest export market. With the China Australia Free Trade Agreement (ChAFTA) coming into force on 20 December 2015, some 95% of Australian exports to China will become free of tariffs.



We continue to identify and assess opportunities in Australia and China that takes advantage of the ChAFTA, including partnerships and/or acquisitions of Australian agribusiness companies. There is interest in leveraging our established supply chain and logistic networks to tier-1 cities in the PRC with Australian suppliers of agricultural products.

We believe the outlook for our products remains robust, and that we are well positioned to continue to grow through consolidation and improving efficiencies at our existing plantations. We see significant opportunities to expand, and look forward to providing strong returns for our shareholders for many years ahead.

A handwritten signature in black ink, appearing to read 'Charles So', with a stylized, cursive script.

***Charles So***

Chief Executive Officer

30 March 2016



## DIRECTOR'S REPORT

Your director's present the annual financial report of Dongfang Modern Agriculture Group Limited for the year ended 31 December 2015.

### DIRECTORS

At the date of this report, the Directors of the Company who held office at any time during or since the end of the financial year are:

#### **Name**

Mr Hongwei Cai  
*(Director since 10 March 2015)*  
*(Chairman since 10 March 2015)*

Mr Chiu (Charles) So – Chief executive officer  
*(Director since 10 March 2015)*

Mr Ming Sing Barton Tso  
*(Director since 10 March 2015)*

Ms Dan Lin  
*(Director since 10 March 2015)*

Mr Michael Wai-Man Choi  
*(Director since 20 May 2015)*

### REVIEW OF OPERATIONS

A comprehensive review of operations is set out in the Chief Executive Officer's review of operations and activities

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Dongfang listed on 19 October 2015 having raised AUD39.2 million during its initial public offer, representing the largest such raising for a private Chinese company on the ASX in two decades.

### PRINCIPAL ACTIVITIES

The Company is a leading Chinese producer of agricultural produce in Ganzhou City District, Jiangxi Province of PRC. In 2014, it had the second largest sales revenue achieved by any citrus producer in the PRC.

The Company is currently engaged in the business of cultivation and sales of various agricultural produce including the citrus fruits tangerine, pomelo and navel oranges and also camellia fruit and related products.

### EVENTS SINCE THE END OF THE YEAR

There have been no significant matters that may affect entity's operations, results of operations or state of affairs.



## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than as disclosed in the Executive Chairman's review and the Chief Executive Officer's review of operations, information on likely developments has not been included because disclosure would likely result in unreasonable prejudice to the Group.

## ROUNDING OF AMOUNTS

Dongfang Modern is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest RMB 1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

## DIVIDENDS

The directors declared a maiden dividend of AUD 5 cents per share, payable on 3 June 2016 and with a Record Date of 1 April 2016. This represents 25% of earnings, and exceeds the prospectus forecast of 20%.

The board further implemented a Dividend Reinvestment Plan (DRP). The DRP provides a convenient way for eligible shareholders to increase their shareholding in Dongfang Modern by reinvesting all or part of their eligible dividend entitlements in ordinary shares.

The Issue Price is an amount equal to the volume weighted average price (VWAP) of the company's shares sold during a board set 10 trading day period less a 10% discount.

Participation in the DRP is open to shareholders with a registered address in Australia or New Zealand. Eligible shareholders may elect to take all or part of future dividends in the form of cash or shares in accordance with the DRP plan rules. Shares will be provided under the DRP free of brokerage and other transaction costs.

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of good corporate governance. The Group's statement on the main corporate governance practices in place during the year is set out on the company's website at <http://www.dongfangmodernagriculture.com.au/PROSPECTUS/DFMCorporateGovernancePolicies.pdf>.

## DIRECTORS' AND SECRETARIES INTERESTS, ACTIVITIES AND QUALIFICATIONS

### Hongwei Cai – Executive chairman

Mr Cai is responsible for the overall strategic management, investment planning and business development of the Group. He has extensive experience in management, marketing and business development of agricultural enterprises and public relations.

*Other current Directorships:*

None

*Previous Directorships (last 3 years):*

None

*Interests in shares:*

312,390,000



### **Chiu (Charles) So – Chief Executive Officer**

Mr So is responsible for the overall operation of the Group.

He is a member of Certified Practicing Accountant of Australia and has a bachelor degree in Commerce (Accounting) from Macquarie University in Sydney.

Mr So was previously the CFO of the company overseeing the IPO of the Company in October 2015, one of the most successful IPO's on the ASX in 2015.

Prior to joining Dongfang Modern, Mr So was an executive director of China Packaging Group Company Limited, an investment holding company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 572). The principal business activities of China Packaging Group Company Limited and its subsidiaries are the manufacture and sale of tins for the packaging of beverage in Shanxi, PRC.

*Other current Directorships:*

None

*Previous Directorships (last 3 years):*

None

*Interests in shares:*

None



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### **Ming Sing Barton Tso – Executive director**

Mr Ming Sing Barton Tso has extensive experience with enterprise management, capital market operation and banking business investment in various enterprises and public companies in PRC Mainland and Hong Kong. He was previously the chief financial officer and executive director for Hong Kong stock exchange-listed diversified telecommunication and resources company China Fortune Holdings. He was formerly the Financial Manager in the Hong Kong Branch of the Shanghai Stock Exchange-listed Fujian Start Group Co., Ltd.

*Other current Directorships:*

None

*Previous Directorships (last 3 years):*

None

*Interests in shares:*

None



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### **Dan Lin - Non-executive Director**

Ms Lin is an Independent Non-executive Director of the Company, and is based in Australia. She brings her expertise and experience in government relations and business development to the company. Previously, she has worked in the Australian and Chinese telecommunication sectors including with Telstra, and as a council member and the executive of the council member in the communications industry in China for 7 years.

*Other current Directorships:*

None

*Previous Directorships (last 3 years):*

None

*Interests in shares:*

None



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### **Michael Wai-Man Choi - Non-executive Director**

Michael Wai-Man Choi is an Independent Non-executive Director of the Company, and is based in Brisbane.

He has extensive experience in business, management, strategic planning, processing improvement, human resources, financial management, marketing and business development. He is also a facilitator in the political and community arena with proficient leadership and people skills in stakeholder facilitation, consultation and management.

Mr Choi was previously a member of the Queensland China Council, a state government established body. Mr Choi is also an Advisor of the Queensland Chinese United Council, a Permanent Patron of the Queensland Chinese General Chamber of Business and a Committee Member of the Australia China Business Council Queensland Chapter.

Mr Choi was a member of the Queensland Parliament, being the first Asian-Australian elected to Queensland Parliament. In this role, Mr Choi held various ministerial portfolios as Assistant Minister including Mines, Energy, Natural Resources, Trade and Multicultural Affairs.

*Other current Directorships:*

None

*Previous Directorships (last 3 years):*

None

*Interests in shares:*

None



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### **Greg Starr - Company secretary**

Based in Sydney, Mr Starr is responsible for facilitating the company's corporate governance processes and ensuring that the board processes run efficiently and effectively.

A Certified Practicing Accountant by background, Greg has extensive experience as an executive of ASX-listed companies over the past 20 years. Previously, he has successfully led several listed companies grow through expansion and transition, including managing and merging China-based gold producer Michelago Limited with Golden China Resources, prior to its eventual sale to Sino Gold Limited.



## DIRECTORS MEETINGS

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 31 December 2015, and the number of meetings attended by each director were:

### Directors' meeting

Directors' name	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Hongwei Cai	17	17	-	-	-	-
Ming Sing Barton Tso	17	17	-	-	-	-
Chiu So	17	17	-	-	-	-
Dan Lin	17	17	-	-	-	-
Wan-Man Michael Choi	17	17	-	-	-	-

Where:

- column A is the number of meetings the Director was entitled to attend
- column B is the number of meetings the Director attended

There have been no meetings for the audit and risk committee or the remuneration committee through to 31 December 2015, given the proximity to listing. These duties were conducted by directors at board meetings prior to the establishment of the separate committees following listing on the ASX on 19 October 2015.

## REMUNERATION REPORT (audited)

### Key Management personnel ("KMP") remuneration

#### Board policy for determining the nature, amount and value of remuneration paid to key management personnel and relationship between the policy and company performance

##### (a) Main Principles

The boards remuneration policy reflects its obligations to align KMP remuneration with shareholders' interests and to engage appropriately qualified KMP talent for the benefit of the Group. The main principles of the Policy are:

- (1) Reward reflects the competitive global market in which the Company operates.
- (2) Individual reward should be linked to performance criteria.\*
- (3) Executives should be rewarded for both financial and non-financial performance.

*\*Performance criteria and rewards are currently being established.*

##### (b) Elements of Remuneration

KMP total remuneration consists of the following:

- (1) Salary – each KMP receives a fixed sum payable monthly in cash.
- (2) Other benefits – KMP are eligible to participate in superannuation schemes.



(c) Future plans

As the company has just listed, it is developing its remuneration plans. In the future it intends to implement;

- (1) Bonus – each KMP will be eligible to participate in a bonus scheme if deemed appropriate.
- (2) Long Term Incentives – certain KMP participate in shareholder approved share option scheme.

### Directors Fees

Non - executive Directors fees are determined within an aggregate Directorsa fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at AUD320,000 per annum. The current Non – executive Director's base fee is AUD60,000 per annum.

There are currently no additional fees paid for work undertaken in addition to that provided in their role as Non – executive Directors.

There are currently no additional fees paid for work undertaken on board committees.

### Details in relation to each element of the remuneration of each KMP member

Directors and KMP (as defined in section 300A Corporations Act 2001) of the Company are set out in the following tables. The KMP of the Company and the Group includes the Directors and the following executive officers who have authority and responsibility for the planning, directing and controlling the activities of the Group.

Name	Salaries		Directors Fees		Pension		Total	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB'	2014 RMB	2015 RMB	2014 RMB
<u>Directors' of the Company</u>								
Hongwei Cai	265,719	192,100	88,573	-	-	-	354,291	192,100
Ming Sing Barton Tso	-	-	76,768	-	-	-	76,768	-
Chiu So	118,093	-	70,858	-	6,732	-	195,683	-
Dan Lin	-	-	70,858	-	-	-	70,858	-
Wan-Man Michael Choi	-	-	207,851	-	-	-	207,851	-
<u>Directors' of the subsidiaries</u>								
Zhou Zhiyuan	201,000	18,000			10,866	2,492	211,866	20,492
Wen Min Hui	52,000	-			-	-	52,000	-
Li Jian	122,500	121,200			10,866	10,416	133,366	131,616
Huang Hua	119,900	118,600			10,866	8,076	130,766	126,676
Liu Hai	119,900	118,600			10,866	8,076	130,766	126,676
Li Hua	-	104,500			-	5,583	-	110,083
<b>Total</b>	<b>999,112</b>	<b>673,000</b>	<b>514,908</b>		<b>50,196</b>	<b>34,643</b>	<b>1,564,215</b>	<b>707,643</b>

### Options granted to KMP

There are currently no options issued to KMP. An Employee Share Option Scheme ("ESOP") is being developed.

### Service Agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. Remuneration and other terms of employment for the Executive Directors and other key management personnel are also formalised in service agreements. Major provisions of the agreement relating to remuneration are set out below. There are no current service agreements that contain incentive clauses and as such future remuneration is not necessarily dependent on the performance results of the

Company. The remuneration committee recommends service agreements to the Board for consideration and approval.

KMP	Commencement date	Term of Agreement	Base salary per annum	Directors fees per annum	Pension	Period of Notice
<b>Executive Directors</b>						
Hongwei Cai Executive Chairman	19 October 2015	n/a	AUD225,000	AUD75,000	Nil	3 months notice
Ming Sing Barton Tso Executive Director	19 October 2015	n/a	AUD135,000	AUD65,000	Nil	3 months notice
Chiu So Executive Director and CEO	19 October 2015	n/a	AUD100,000	AUD60,000	9.5% of base salary	3 months notice
<b>Non – executive Directors</b>						
Dan Lin	19 October 2015	3 Years	NIL	AUD60,000	Nil	30 days notice
Wan-Man Michael Choi	20 May, 2015	3 Years	NIL	AUD60,000	Nil	30 days notice
<b>Management</b>						
Zhou Zhiyuan	1 Oct 2014	3 Years	RMB201,000		Social Insurance	3 months notice
Wen Min Hui	1 Oct 2014	3 Years	RMB 52,000		Nil	3 months notice
Li Jian	23 June 2013	3 Years	RMB 122,500		Social Insurance	3 months notice
Huang Hua	23 June 2013	3 Years	RMB 119,900		Social Insurance	3 months notice
Liu Hai	23 June 2013	3 Years	RMB 119,900		Social Insurance	3 months notice

### Share holdings

The number of shares in the Company held during the year by each Director and KMP of the Group, including their personally related parties are set out below;

Name	Balance at the start of the year	Granted during the year as compensation	Additions	Disposals/Other changes	Balance at the end of the year
Hongwei Cai	-	-	312,390,000	-	312,390,000
Ming Sing Barton Tso	-	-	-	-	-
Chiu So	-	-	-	-	-
Dan Lin Non	-	-	-	-	-
Wan-Man Michael Choi	-	-	-	-	-
Zhou Zhiyuan	-	-	-	-	-
Wen Min Hui	-	-	-	-	-
Li Jian	-	-	-	-	-
Huang Hua	-	-	-	-	-
Liu Hai	-	-	-	-	-
Li Hua	-	-	-	-	-
Hongwei Cai Chairman	-	-	-	-	-

### Other transactions with KMP and their related parties

There were no other transactions with KMP and their related parties.

## DIRECTORS INDEMNITIES AND INSURANCE PREMIUMS

There are indemnity and access agreements between the company and each director giving an indemnity to the extent permitted under the Corporations Act.

The company has a standard Directors and Officers insurance covering each director.

## ENVIRONMENTAL LEGISLATION

The Group carries on business in an industry that is subject to PRC environmental protection law and regulations. Enterprises engaged in food production should comply with the law and regulations concerning environmental protection. If an enterprise fails to report or provide false information about the environmental pollution caused by it, it will receive a warning or be penalized. Failure to eliminate or control pollution within the required timeframe may result in the payment of a fee for excessive discharge; or imposition of a fine; or suspension or close down of the operation.

The Group has been complying with the relevant PRC environmental protection law and regulations.

## NON AUDIT SERVICES

No non-audit services in 2015

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings on behalf of the company

## AUDITOR'S INDEPENDENCE DECLARATION



**Dongfang Modern Agriculture Holding Group Limited and  
Controlled Entities  
ABN: 604 659 270**

**Auditors Independence Declaration under  
Section 307C of the Corporations Act 2001 to the Directors of  
Dongfang Modern Agriculture Holding Group Limited**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**PKF**  
Chartered Accountants

Sydney

Dated: 30 March 2016

**SCOTT TOBUTT**  
Partner

PKF (NS) Audit & Assurance Limited  
Partnership  
ABN 94 850 988 839

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONGFANG MODERN AGRICULTURE HOLDING GROUP LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Dongfang Modern Agriculture Holding Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising of the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Partnership  
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PKF International Limited administers a network of legally independent firms which carry on separate business under the PKF Name.  
PKF International Limited is not responsible for the acts or omissions of individual member firms of the network.

For office locations visit [www.pkf.com.au](http://www.pkf.com.au)



#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Dongfang Modern Agriculture Holding Group Limited, would be in the same terms if provided to the directors at the time of this auditor's report.

#### *Auditor's Opinion*

In our opinion:

- (a) the financial report of Dongfang Modern Agriculture Holding Group Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 22 to 25 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

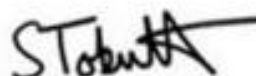
In our opinion, the remuneration report of Dongfang Modern Agriculture Holding Group Limited for the year ended 31 December 2015 complies with s300A of the *Corporations Act 2001*.



**PKF**  
Chartered Accountants

Sydney

Dated: 30 March 2016



**SCOTT TOBUTT**  
Partner

## FINANCIAL STATEMENTS

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

All profit attributable to Dongfang Modern

For the year ended 31 December 2015

	Notes	2015 RMB '000	2014 RMB '000
Revenue	6	933,945	741,470
Cost of sales		(505,207)	(414,819)
Gross profit		428,738	326,651
Other income	6	1,038	833
Change in fair value of biological assets	13	(27,900)	58,780
Administrative expenses		(17,783)	(3,705)
	7	<b>384,093</b>	<b>382,559</b>
Finance costs		(9)	-
<b>Profit before income tax</b>		<b>384,084</b>	<b>382,559</b>
Income tax expense	8	-	-
<b>Profit for the year</b>		<b>384,084</b>	<b>382,559</b>
Profit is attributable to;			
Owners of DFM		384,084	382,559
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		8,153	-
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>8,153</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>392,237</b>	<b>382,559</b>
<b>Earnings per share</b>			
<b>Basic</b>	19	<b>RMB1.09</b>	<b>RMB 1.09</b>
<b>Diluted</b>	19	<b>RMB1.09</b>	<b>RMB 1.09</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 RMB '000	2014 RMB '000
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	15	632,190	288,767
Trade and other receivables	14	60,688	78,702
Deferred expenses	12	106,942	94,565
<b>Total current assets</b>		<b>799,820</b>	<b>462,034</b>
<b>Non-current</b>			
Property, plant and equipment	11	421	738
Biological assets	13	660,573	388,473
Deposits for acquisition of biological assets	13	155,400	240,000
Deferred expenses	12	29,899	33,999
<b>Total non-current assets</b>		<b>846,293</b>	<b>663,210</b>
<b>Total assets</b>		<b>1,646,113</b>	<b>1,125,244</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	16	15,118	60,175
Amount due to a shareholder	22	1,685	38
<b>Total current liabilities</b>		<b>16,803</b>	<b>60,213</b>
<b>Net assets</b>		<b>1,629,310</b>	<b>1,065,031</b>
<b>Equity</b>			
• share capital	18	172,042	-
• Reserves		69,116	60,963
• retained earnings		1,388,152	1,004,068
<b>Total equity</b>		<b>1,629,310</b>	<b>1,065,031</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Statutory reserve	Capital reserve	Exchange reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2014</b>	-	20,321	40,642	-	621,509	682,472
Profit and total comprehensive income for the year	-	-	-	-	382,559	382,559
<b>Balance at 31 December 2014</b>	-	20,321	40,642	-	1,004,068	1,065,031
Issue of share capital	172,042	-	-	-	-	172,042
Transactions with owners	172,042	-	-	-	-	172,042
Profit for the year	-	-	-	-	384,084	384,084
Other comprehensive income	-	-	-	8,153	-	8,153
Total comprehensive income for the year	-	-	-	8,153	384,084	392,237
<b>Balance at 31 December 2015</b>	<b>172,042</b>	<b>20,321</b>	<b>40,642</b>	<b>8,153</b>	<b>1,388,152</b>	<b>1,629,310</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB '000	2014 RMB '000
<b>Operating activities</b>			
Profit before income tax		384,093	382,559
Fair value changes of biological assets		27,900	(58,780)
Depreciation		317	503
Interest expense		9	-
Interest income		(896)	(833)
Operating profit before changes in working capital		411,423	323,449
Inventory		-	26
Deferred expense		(8,277)	49,296
Trade and other receivables		18,014	(52,572)
Trade and other payables		(45,057)	46,945
Amount due to a shareholder		1,647	19
Cash generated from operations		377,750	367,163
Interest received		896	833
Net cash from operating activities		378,646	367,996
<b>Investing activities</b>			
Deposits and payment for purchases of biological assets		(215,400)	(299,648)
Net cash used in investing activities		(215,400)	(299,648)
<b>Financing activities</b>			
Net proceeds from issue of shares		172,042	-
Interest paid		(9)	-
Net cash from financing activities		172,033	-
<b>Net change in cash and cash equivalents</b>		<b>335,279</b>	<b>68,348</b>
Cash and cash equivalents, beginning of period		288,767	220,419
Exchange differences on cash and cash equivalents		8,144	-
<b>Cash and cash equivalents, end of period</b>		<b>632,190</b>	<b>288,767</b>

Note: This statement should be read in conjunction with the notes to the financial statements.



## Notes to the Consolidated Financial Statements

### 1 Nature of operations

During the year, the principal activities of entities within the Group were cultivation and sales of various agricultural produce including the citrus fruits tangerine, pomelo and navel oranges and also camellia fruit and related products in Ganzhou City District, Jiangxi Province of the Peoples Republic of China.

### 2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These consolidated financial statements also comply with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")

These financial statements have been prepared on a historical cost basis as modified by the revaluation of biological assets as set out in the accounting policy below.

Dongfang Modern Agriculture Holding Group Limited is the Group's Ultimate Parent Company. Dongfang Modern Agriculture Holding Group Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office Level 12, 225 George Street, Sydney NSW 2000 Australia.

The Consolidated Financial Statements have been derived from the consolidated financial statements of Worldwide Network Investment Group Limited (Worldwide Network) and its subsidiary Ganzhou Chinese Modern Agriculture Co., Ltd (Ganzhou Chinese).

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK\$99.00; and
- The remaining one (1) ordinary share in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK\$1.00.

As the shareholders of Worldwide Network, prior to the Acquisition, were the same as the shareholders of the Company on completion of the Acquisition, the Financial Information has been prepared as if the Company and Worldwide Network formed part of the same consolidated group for financial reporting purposes. In addition, the Acquisition has been treated as a "common control transaction" which does not meet the requirements of a "business combination" as set out in AASB 3 Business Combinations and accordingly, no additional intangible assets (including any goodwill) have been recognised upon completion of the Acquisition.

As the Company was incorporated in 2015, there were not statutory results for 2014. For comparative purposes the Worldwide Network results for these periods are compared.

The consolidated financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board of Directors on 26 February 2016.

### 3 Summary of accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the periods presented.

#### 3.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

AASB 2014-1 *Amendments to Australian Accounting Standards* (including Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles and Part B: Defined Benefit Plans: Employee Contributions – Amendments to AASB 119)

The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### 3.2 New standards and interpretations not yet adopted

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*, and
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
- Amendments to AASB 116 *Property, Plant and Equipment* and AASB 141 *Agriculture*

New accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Group. Other than Amendments to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture, there were no material changes to the accounting policies other than some additional disclosure requirement.

Amendments to AASB 116 and AASB 141 – Bearer Plants which defines a bearer plant and requires biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116 instead AASB 141. The Group's planation bases (as defined in note 3(f)) meets the definition of bearer plant. On the initial application of the amendments, the Group is permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented. The produce growing on bearer plants continues to be accounted for in accordance with AASB 141.

#### 3.3 Consolidation

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the years presented, and the existing business have been combined from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

Inter-company transactions and balances between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with

the policies adopted by the Group.

### 3.4 Property, plant and equipment and depreciation

Property, plant and equipment, is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows :-

Category	Estimated useful life	Estimated residual values
Furniture and equipment	3 - 10 year	0% - 3%
Motor vehicle	4 years	3%
Leasehold improvements	Over the shorter of lease terms and estimated useful life	-

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each reporting periods.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### 3.5 Prepaid leases payments

Upfront payments made to acquire land use rights and/or plantation bases under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. Minimum lease payments are amortised on a straight line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

### 3.6 Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

### **3.7 Biological assets**

Biological assets comprise Camellia, Navel Orange and Tangerine trees in forests, of which the Forestry Right Certificates have been issued to the Group for the purpose of Camellia, Navel Orange and Tangerine cultivation, involved in the Agriculture activities of the transformation of biological assets into Agriculture produce for sale or further processing.

Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets.

Agriculture produce harvested from biological assets for further processing is measured at its fair value less costs to sell at the point of harvest. The fair value less costs to sell at the time of harvest is deemed as the cost of agriculture produce for further processing.

If an active market exists for a biological asset or Agriculture produce with reference to comparable species, growing condition and expended yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers.

All the plantation costs incurred after the harvest period is stated as deferred expenses at cost. When the Agriculture produce is harvested, the carrying amount of the deferred expenses is recognised as expenses in the period in which the related revenue is recognised.

### **3.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchasing cost of raw materials direct labour and another costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related turnover is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

### **3.9 Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

### **3.10 Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences



respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arose on initial recognition of assets and liabilities that affect neither accounting nor taxable profit, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met :-

- i. In the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- ii. In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either :-
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### **3.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and other short-term (with original maturity less than three months), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **3.12 Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### **3.13 Leases**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

### **3.14 Classification of assets leased to the Group**

Assets that are held by Group under lease which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

### **3.15 Operating lease charges**

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

### **3.16 Impairment of assets**

- i. Impairment of trade and other receivables
- ii. Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events: -
  - significant financial difficulty of the debtor;
  - a breach of contract, such as a default or delinquency in interest or principal payments;
  - it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
  - significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.
- iii. Impairment of Other Assets
- iv. If any of such evidence exist, an impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the receivables' original effective interest rate (i.e. the effective interest rate computed at initial recognition), where the effect of discounting is material. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.
- v. If in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the receivable exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.
- vi. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased: -
  - property, plant and equipment;
  - inventories;

- deferred expenses; and
- prepayments
- vii. If any such indication exists, the asset's recoverable amount is estimated.
- viii. Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

- ix. Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- x. Reversals of impairment losses
- xi. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### 3.17 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if: -

- a) A person, or a close member of that person's family, is related to the Group if that person: -
  - i. has control or joint control over the Group;
  - ii. has significant influence over the Group; or
  - iii. is a member of the key management personnel of the Group or the Group's holding company.
- b) An entity is related to the Group if any of the following conditions applies:
  - i. The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - vi. The entity is controlled or jointly controlled by a person identified in (a).

- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **3.18 Foreign currency translation**

These consolidated financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to functional currency at rates of exchange ruling at the end of each reporting period. All exchange differences are recognised in profit or loss.

### **3.19 Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- i. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the customers have accepted the goods.
- ii. Interest income is recognised on an accrual basis using the effective interest method.

## **4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- i. Impairment of trade receivables and other receivables

Impairment of trade receivables and other receivables is made based on assessment of their recoverability. The identification of impairment of trade receivables and other receivables requires management's judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment loss or reversal of impairment in the period in which such an estimate has been changed.

- ii. Fair value of biological assets

Biological assets are measured at fair value less costs to sell. In determining the fair value of the biological assets, the professional valuer has applied a discounted cash flow method of the income approach which requires a number of key assumptions and estimates to be made such as discount rate, Agriculture produce selling price, operating costs and lifecycle. Any change in the estimates may affect the fair value of the biological assets significantly. The professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of biological assets.

iii. Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

iv. Revenue recognition

Revenue is recognised when the risk and reward of the ownership are transferred to the buyer and when the fair value of amount receivable and the cost of sales can be measured reliably. Whether the risk and reward of the ownership are transferred to the buyer requires the management to exercise judgment according to the market practice.

v. Common control

As the Group undergone a serious of restructuring, the consolidation was prepared on the basis of business combination under common control without the application of acquisition accounting as set out in AASB 3. The application of business combination under common control requires the management to determine whether the entities were under the common control of same shareholders before and after the group restructuring.



## 5 SEGMENT INFORMATION

The Group has four reportable segments, which are the plantation of:-

- Tangerine
- Camellia
- Pomelo
- Orange

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology strategies. Segment profits or losses do not include unallocated other income and unallocated corporate expenses. Segment assets do not include cash and bank balances and unallocated corporate assets. Segment liabilities do not unallocated corporate liabilities.

Information about the Group's reportable segments are as below:

	Tangerine		Camellia		Pomelo		Orange		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	<b>588,667</b>	418,757	<b>110,165</b>	116,542	<b>155,539</b>	146,405	<b>79,574</b>	59,766	<b>933,945</b>	741,470
Segment results	<b>275,836</b>	180,957	<b>34,267</b>	45,267	<b>71,578</b>	67,975	<b>47,057</b>	32,452	<b>400,838</b>	385,431
Unallocated other income									<b>1,038</b>	833
Unallocated corporate expenses									<b>(17,792)</b>	(3,705)
Profit before income tax									<b>384,084</b>	382,559
Income tax expense										
Profit for the year									<b>384,084</b>	382,559

	Tangerine		Camellia		Pomelo		Orange		Consolidated	
	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Assets										
Segment assets	<b>298,443</b>	298,098	<b>233,968</b>	88,301	<b>19,128</b>	11,908	<b>431,234</b>	377,322	<b>982,773</b>	775,629
Unallocated corporate assets									<b>663,340</b>	349,615
Total assets									<b>1,646,113</b>	1,125,244
Liabilities										
Segment liabilities	<b>1,743</b>	28,268	<b>10,853</b>	20,919	<b>1,160</b>	9,228	<b>518</b>	1,209	<b>14,274</b>	59,624
Unallocated corporate liabilities									<b>2,529</b>	589
Total liabilities									<b>16,803</b>	60,213
Other financial										

All of the Group's revenue, customers and non-current assets are in the People's Republic of China. An analysis of the major customers are as follows:-

Revenue from customers over 10% of total revenue:

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Customer A	118,138	95,718
Customer B	119,262	78,005
Customer C	208,489	-
Customer D	99,477	-
	545,366	173,723

For the year ended 31 December 2015	2015	2014
From the largest customer	22.32%	23.43%
From top 5 customers	66.51%	49.62%

## 6 REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
<b>Revenue :</b>		
Sales of goods	933,945	741,470
<b>Other income :</b>		
Rebate	142	-
Bank interest income	896	833
	934,983	742,303

## 7 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
(a) Employee benefit expense :-		
Wages and salaries	3,678	3,438
Social welfare and other costs (including defined contribution pension schemes)	1,613	1,325
<b>Subtotal</b>	<b>5,291</b>	<b>4,763</b>
(b) Other items :-		
Depreciation	317	503
Operating lease charges for plantation bases	82,874	79,506
Operating lease charges for office premises	306	282
IPO and listing expenses	9,551	-
	<b>93,048</b>	<b>80,291</b>

## 8 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No Australian profits tax is provided as the Company incurred loss for taxation purposes.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the years presented.

The National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 6 December 2007, which has been effective since 1 January 2008.

#### **Ganzhou Chinese and PRC taxation**

The currently applicable tax rates in PRC are as follows:

<b>Category</b>	<b>Tax Rate</b>
Value Added Tax	13%
Income Tax	25%
Education Surcharge	3%
Local Education Surcharge	2%
Stamp Tax for sale agreement	0.1%

#### **1. Income tax**

- a. According to the PRC enterprise income tax law ("EIT Law") and its implementation rules, the PRC statutory income tax rate is 25%.
- b. However, because Ganzhou Chinese is engaging in growing, processing and sales of Agriculture products it is currently exempt from PRC enterprise income tax ("EIT") subject to approval by or registration with the relevant tax authority. According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from PRC EIT
- c. While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, its profits may be subject to income tax of 25%.

#### **2. Withholding Tax**

- a. Dividends paid by Ganzhou Chinese to Worldwide Network will be subject to a 10% withholding tax in PRC.

#### **3. Value-Added Tax**

- a. According to the Interim Regulations of the People's Republic of China on Value-added Tax and the Notification of the Ministry of Finance and the State Administration of Taxation Pertaining to the Explanatory Notes on the Levying Scope of Agriculture Products, enterprises engaging in Agriculture production and operation, and the sale of self-produced Agriculture products are exempt from value-added tax.
- b. According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from Enterprise value-added tax.
- c. While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, the sale of its Agriculture products will become subject to VAT of 13%.

For the year ended 31 December 2015	<b>2015</b> <b>RMB '000</b>	<b>2014</b> <b>RMB '000</b>
Profit before income tax	384,084	382,559
Taxation at the applicable tax rate of 25%	96,021	95,640
Expenses not deductible for tax purposes	3	3
Effect of different tax rates	(703)	2
Effect of tax concession for Agriculture activities in the PRC	(99,542)	(95,645)
Effect of tax loss not recognised	4221	-
Income tax expense	-	-

## 9 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel of the Group is as follows:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Wages and salaries	1,514	673
Pension scheme contributions	50	35
	1,564	708

## 10 SEASONAL FLUCTUATIONS

By its very nature, the business undertaken by Ganzhou Chinese is highly seasonal with all harvests and sales occurring during the months of September to December each year as follows:

Camellia	October and November
Pomelo	October and November
Navel Orange	November
Tangerine	September ,October and November

## 11 PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant and equipment:

Cost	Motor vehicle RMB'000	Electronic and office equipment RMB'000	Computer software RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>Gross carrying amount</b>					
As at 1.1.2014	1,528	466	85	486	2,565
As at 31.12.2014	1,528	466	85	486	2,565
As at 31.12.2015	1,528	466	85	486	2,565
<b>Accumulated depreciation</b>					
As at 1.1.2014	938	354	16	16	1,324
Charge for the period	362	35	9	97	503
As at 31.12.2014	1,300	389	25	113	1,827
Charge for the period	182	29	8	98	317
As at 31.12.2015	1,482	418	33	211	2,144
<b>Net value as at 31.12.2015</b>	46	48	52	275	421
Net value as at 31.12.2014	228	77	60	373	738



## 12 DEFERRED EXPENSES

For the year ended 31 December 2015	Prepaid lease payments RMB '000	Deferred Plantation costs RMB '000	Total RMB '000
<b>At 1 January 2014</b>	<b>140,516</b>	<b>37,344</b>	<b>177,860</b>
Payments during the year	30,075	34,730	64,805
Utilisation for the year	(79,506)	(34,595)	(114,101)
<b>At 31 December 2014</b>	<b>91,085</b>	<b>37,479</b>	<b>128,564</b>
Payments during the year	89,729	38,900	128,629
Utilisation for the year	(82,873)	(37,479)	(120,352)
<b>At 31 December 2015</b>	<b>97,941</b>	<b>38,900</b>	<b>136,841</b>

As at:	2015 RMB '000	2014 RMB '000
Non-current portion	29,899	33,999
Current portion	106,942	94,565
	136,841	128,564

Prepaid lease payments represent the rental payment of the cultivation bases situated in the PRC which are held operating lease with terms of approximately 14 years.

Deferred plantation costs represent the costs incurred to cultivate agriculture produces which will be harvested in the subsequent years. The deferred plantation costs in relation to the harvest with 12 months from the end of each reporting period are classified as deferred expenses under current assets.

Deferred expenses classified under current assets represent the prepaid lease payments and plantation costs incurred for the harvest of agriculture produces within 12 months from the end of each reporting period.

## 13 BIOLOGICAL ASSETS

	Tangerine RMB '000	Camellia RMB '000	Navel orange RMB '000	Total RMB '000
<b>At 1 January 2014</b>	-	<b>10,637</b>	<b>319,056</b>	<b>329,693</b>
Changes in fair value less cost to sell	-	1,003	57,777	58,780
<b>At 31 December 2014</b>	-	<b>11,640</b>	<b>376,833</b>	<b>388,473</b>
<b>Increase due to purchase</b>	<b>300,000</b>		-	<b>300,000</b>
Changes in fair value less cost to sell	(77,609)	(3,975)	53,684	(27,900)
<b>At 31 December 2015</b>	<b>222,391</b>	<b>7,665</b>	<b>430,517</b>	<b>660,573</b>

Biological assets represent Camellia, Navel Orange and Tangerine Forests ("the Forests") located in the PRC. In 2011, the Group acquired Camellia Forest with total cultivable area of 897Mu. In 2012, the Group acquired Navel Orange Forests with total cultivable area of 670Mu and further acquired 7,456Mu during the year end 31 December 2013. In 2015, the Group acquired Tangerine Forest with total cultivable area of 6,000Mu. Hence, the total cultivable areas are 1,567Mu as at 31 December 2012, and 9,023Mu as at 31 December 2013 and 2014, and 15,023Mu at 31 December 2015.

The Group recognises the Camellia, Navel Orange and Tangerine Forests as biological assets when, and only when:-

- The Group controls the Forests as a result of past event, which is evidenced by the risks and

- rewards of cultivation bases have been passed to the Group;
- It is probable that future economic benefits associated with the Forests will flow to the Group; and
- The fair value or cost of the Forests can be measured reliably.

According to the Forestry Right Certificates issued by the relevant PRC authority, the Group was granted a right to perform Camellia, Navel Orange and Tangerine plantation and harvest within the cultivable area of 15,023 Mu for 20 to 30 years.

The fair value of the Group's biological assets as at 31 December 2015 and 2014 fall into level 3 of the fair value hierarchy. There were no transfers between any levels during the years presented.

The Forests were independently valued by Roma Appraisals Limited ("ROMA"). ROMA and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various valuation assignments involving biological assets and Agriculture produce. The professional valuers of ROMA involved in this valuation include professional members of the Royal Institution of Chartered Surveyors ("MRICS"), the American Institute of Certified Public Accountants ("AICPA") and the Institute of Public Accountants ("MIPA"), as well as charter holders of Chartered Financial Analyst ("CFA") and Financial Risk Manager ("FRM"). They have extensive experiences in valuing different kinds of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets worldwide and have previously performed valuations of biological assets and Agriculture produce such as forest, rubber tree plantation, jatropha plantation, fruit plantation, etc. Among the professional institutions mentioned above, the Royal Institution of Chartered Surveyors is a member organisation of the International Valuation Standards Council (the "IVSC") which encourages their respective members to adopt and use the International Valuation Standards laid down by the IVSC. ROMA has assessed and declared its independence based on the requirements of the International Valuation Standards.

Based on the above qualifications and various experiences of ROMA and/or its members, the directors are of the view that ROMA is independent and competent to determine the fair value of the Forests.

Since there is no active market for the regions that the Forests are located, no market price information is available to adopt the market approach. Accordingly, ROMA has adopted an income approach in valuing the Forests.

The following steps have been taken for the site inspection of the Forests conducted by ROMA:-

- Verified the physical existence of the Forests;
- Checked the coverage of the plantation area of the Forests;
- Identified the species of the Forests; and
- Evaluated the operation of the plantation.

The following are the major assumptions used in the valuation:-

- a) The market price variables, which represent the assumed market price for Camellia, Navel Orange and Tangerine produced by the Group. The valuation adopted the market selling prices prevailing as of the end of the reporting period for Camellia, Navel Orange and Tangerine produced by the Group as the sales price estimation. The market prices are assumed to be increased by 3% per annum, which is similar to the projected long term inflation rate.
- b) The yield per tree variables, which represent the harvest level of the Camellia, Navel Orange and Tangerine trees. The yield of Camellia, Navel orange and Tangerine trees is affected by the age, species and health of the trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per Camellia tree increases from age 5 to 9, remains stable for about 70 years, and then decreases until age 81. The yield per Navel Orange tree increases from 3 to 9, remains stable for about 30 years, and then decreases until age 38. The yield per Tangerine tree increases from years 5 to 9, remains stable for about 30 years, then decreases until age 38.
- c) The direct production cost variables, which represent the direct costs necessary to bring the Camellia, Navel Orange and Tangerine to their sale form, includes raw material costs and direct labour costs. The

direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long-term inflation rate of 3% per annum.

- d) The Capital Asset Pricing Model has been used to determine a discount rate to be applied to the Forests as follows:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Camellia Forests	15.90%	14.92%
Navel orange Forests	15.90%	14.92%
Tangerine Forests	15.90%	14.92%

- e) Other key assumptions which have taken into account in valuing the Group's biological assets includes, among other things,
- cash flows are calculated from the current rotation of Camellia, Navel Orange and Tangerine trees only, without taking into account the projected revenue or costs related to the re-establishment of new trees;
  - projected cash flows have taken into account the projected long term inflation rate of 3% per annum and excluded finance costs and taxation;
  - as discounted cash flows are based on current prices, planned future business activities that may impact the future prices of harvested from the Group's plantations are not considered; and
  - no material changes in the existing political, legal, technological, fiscal, economic conditions, climate and nay other unfavourable natural conditions.

The movements in the fair value of the assets are as follows:-

As at:	2015 RMB '000	2014 RMB '000
Opening balance	388,473	329,693
Increase due to purchase	300,000	-
Changes in fair value less cost to sell	(27,900)	58,780
<b>Closing balance</b>	<b>660,573</b>	<b>388,473</b>

The following unobservable inputs were used to measure the Group's Camellia, Navel Orange and Tangerine cultivation:-

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs		Relationship of unobservable
Camellia cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	<b>2014</b> RMB 4.9 Increased by 3% per annum	<b>2015</b> RMB 4.7 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	700 Kg per Mu per annum	680 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	15.90%	The higher the discount rate, the lower the fair value
Orange cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	RMB 3.5 Increased by 3% per annum	RMB 3.0 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	1,950-2,700 Kg per Mu per annum	2,200-3,000 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	15.90%	The higher the discount rate, the lower the fair value
Tangerine cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price		RMB 2.6 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu		2,200 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate		15.90%	The higher the discount rate, the lower the fair value

The Group is exposed to a number of risks related to Camellia, Navel Orange and Tangerine cultivation:-

f) Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in one of the key unobservable inputs, with all other variables held constant, of Group's profit before tax:-

Key unobservable inputs:	Percentage increase/ (decrease) in key unobservable inputs	2015 Increase/ (decrease) in profit before tax RMB '000	2014 Increase/ (decrease) in profit before tax RMB '000
Discount rate	10% (10%)	(43,558) 52,792	(38,626) 46,732
Expected growth rate	10% (10%)	5,075 (4,924)	9,604 (9,256)
Expected life	10% (10%)	4,868 (6,781)	5,077 (6,995)
Maximum yield of the forest per mu	10% (10%)	73,450 (73,452)	63,766 (63,766)
Average market price of the forest per mu	10% (10%)	73,450 (73,452)	63,766 (63,766)

g) Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks. The directors are not aware of any environmental liabilities as at 31 December 2015.

h) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of Agriculture produce. When possible the Group manages this risk by controlling its harvest volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with the expected demand.

i) Climate and other risks

The Group's plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular forest inspections and pesticide preventions.

j) Deposit for biological asset

On 19 October 2015, the Group entered into two acquisition agreements to acquire two camellia forest rights with total cultivable areas of 4,633Mu and 8,633 Mu for 30 years at total considerations of RMB71,811,500 and RMB126,526,500 respectively, of which RMB54,600,000 and RMB100,800,000 totaling RMB155,400,000 were paid as deposit as at 31 December 2015 . According to the agreements, the seller should assist the Group to obtain the Forestry Certificate by 31 December 2016. Should the seller fail to assist the Group to obtain the Forestry Certificate by 31 December 2016, the Group has the discretion to rescind the transaction. The remaining balances of RMB17,122,500 and RMB25,726,500 are payable 3 days after the issuance of the respective Forestry Certificates to the Group by the relevant PRC authority.

#### 14 TRADE AND OTHER RECEIVABLES

The Group seeks to maintain strict control over its outstanding receivables. Trade receivables are non-interest-bearing and neither past due nor impaired.

The Group's credit terms with customers during the year presented were mainly 30 days. An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows :-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Trade Receivables		
0 to 30 days	-	18,591
Deposits	41	111
Prepayments	59,218	60,000
Input tax credit	1,429	-
<b>Total</b>	<b>60,688</b>	<b>78,702</b>

As the Group offers a short credit period of 30 days, all the receivables were collected as the harvest completed in late November.

The overall credit risk is low.

#### 15 CASH AND CASH EQUIVALENTS

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Cash and bank balances	632,190	288,767

The Group's cash and bank balances at the end of each reporting period were denominated RMB.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange.

Bank balances earns interest at floating rates based on daily bank deposit rates.

#### 16 TRADE AND OTHER PAYABLES

The trade payables were interest-free. The credit term during the year presented were mainly 30-90 days.

An aged analysis of the trade payables at the end of each reporting period, based on the invoice date, is as follows:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Payable for the Acquisition of Biological Assets	-	60,000
Trade Payables	14,585	-
Other payable	18	29
Salary payable	515	523
<b>Total</b>	<b>15,118</b>	<b>60,175</b>

#### 17 EMPLOYEE RETIREMENT BENEFITS

As stipulated by the PRC state regulations, the subsidiaries in the PRC participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at



their retirement date. The PRC subsidiary is required to make contributions to the local social security bureau at 29.4% to 37.4% of the previous year's average basic salary amount of the geographical area where the employees are under employment with the PRC subsidiaries.

The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to the relevant rules and regulations of the PRC, the PRC subsidiary and their employees are each required to make contributions to an accommodation fund at 9% of the salaries and wages of the employees which is administered by the Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at 31 December 2015, the Group had no significant obligation apart from the contributions as stated above.

## 18 SHARE CAPITAL

The Company was incorporated on 10 March 2015 through the issue of one (1) ordinary share to Mr Cai for AUD 1.00.

Share issues following incorporation were as follows;

- a. the issue of 312,389,999 ordinary shares to Mr Cai on 24 April, 2015 for \$0.000001 per Share;
- b. the issue of 21,060,000 ordinary shares to Super Fusion International Limited on 24 April, 2015 for \$0.000001 per Share;
- c. the issue of 17,550,000 ordinary shares to Huge Ease Limited on 24 April, 2015 for \$0.000001 per Share;
- d. the issue of 39,271,600 ordinary shares upon the listing of the Company's shares on the Australian Securities Exchange on 19 October 2015 to raise capital to fund the company's growth initiatives.

For the year ended 31 December 2015	Year to 31 December 2015 DFM (Incorporated 10 Mar 15)		Year to 31 December 2014 (Worldwide)	
	Shares	RMB'000	Shares	RMB'000
Shares issued:				
• beginning of the period		-	1	-
• shares issue for group restructuring	351,000,000	-	-	-
• share issue for public offering	39,271,600	176,745	-	-
Less: incremental cost of issuing shares	-	(4,703)	-	-
<b>Shares issued and paid</b>	<b>390,271,600</b>	<b>172,042</b>	<b>1</b>	<b>-</b>
<b>Total shares issued and paid at the end of the year</b>	<b>390,271,600</b>	<b>172,042</b>	<b>1</b>	<b>-</b>

## 19 EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator, i.e. no adjustments to profits were necessary during the period to 10 March 2015 and 31 December 2015.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the year ended 31 December 2015	<b>2015</b> <b>Incorporated</b> <b>10 March 2015</b>
Weighted average number of shares used in diluted earnings per share	358,961,913

For the year ended 31 December 2015	<b>2015</b> <b>RMB</b>	<b>2014</b> <b>RMB</b>
Earnings per share		
Basic	1.09	1.09
Diluted	1.09	1.09

The comparative 2014 EPS was calculated using shares in issued right after the completion of the Group Restructuring, as if they had been in issue throughout the year ended 31 December 2014.

## 20 RESERVES

### Capital reserve

Capital reserve represents the paid-in capital of the Ganzhou Agriculture and presented as capital reserve as a result of corporate restructuring.

### Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC ("PRC GAAP") to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of this reserve is not less than 25% of registered capital.

### Foreign currency exchange reserve

Foreign currency exchange reserve represents the accumulated difference in translating the financial statements of group entities that their functional currencies are different from the presentation currency of these consolidated financial statements.

## 21 COMMITMENTS

### (A) Operating Lease Arrangement

At the end of each year presented, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:-

	<b>2015</b> <b>RMB '000</b>	<b>2014</b> <b>RMB '000</b>
Within 1 year	5,139	26,526
After 1 year but within 5 years	313,763	303,880
After 5 years	511,296	575,331
	830,198	905,737

The Group is the lessee in respect of a number of cultivation bases and office premise held under operating leases. The leases typically run for an initial period of three to fifteen years.

**(b) Capital Commitment**

At the end of each year presented, the Group had capital expenditure contracted but not provided for in the consolidated financial statements in respect of:-

	2015 RMB '000	2014 RMB '000
Acquisition of biological assets	42,849	60,000

**22 RELATED PARTY TRANSACTIONS AND BALANCES**

The amount due to a shareholder was interest free, unsecured and repayable on demand.

The Group is ultimately controlled by the director, Mr. Hongwei CAI.

Details of the subsidiaries and key management compensation are set out in notes 25 and 9 to the financial statements respectively.

There was no other material related party transactions during the years presented.

**23 NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS**

The Group's principal financial instruments comprise trade receivables, deposits, cash and cash equivalents, trade and other payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The director of the Company reviews and agrees policies for managing each of these risks which are summarised below.

**23.1 Credit risk**

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The trade receivables are due within one month from the date of billing. Normally, the Group does not

obtain collateral from customers.

The director considers that the credit risk from bank balances is minimal as the balances are placed with financial institutions with high credit ratings.

The director considers that the credit risk of trade receivables and deposits is minimal as the counter parties have no past history of default and are financially healthy.

The Group does not provide any guarantees which would expose the Group to credit risk.

### **23.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

### **23.3 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the end of each year presented, only the bank balances bearing variable interest that were exposed to interest rate risk.

Since the maturities are short, the Group is not exposed to significant interest rate risk.

### **23.4 Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts.

The Group does not have significant currency risk as it only has immaterial amount of liabilities denominated in foreign currencies at the end of each year presented.

### **23.5 Fair value**

The Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximated their fair value.

As the financial instrument risk is minimal, a sensitivity analysis is not presented.

## **24 CAPITAL MANAGEMENT**

### **(a) Risk management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and to maintain an optimal capital structure to reduce cost of capital.

To meet these objectives, the company manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholder, issuing new equity shares, and raising or repaying debt as appropriate.

Currently the Group does not have any borrowings and is self-sustained after the listing of the Group.

### **(b) Dividends**

The Group did not declare and pay any dividends in the past two years. Upon listing of the Company, the directors have concluded a dividend policy for paying 25% of the Group's profit to the shareholders. After the year end date, the directors have declared a final dividend of AUD 5 cents per ordinary

share, totaling AUD 19,513,580, which is expected to be paid on 3 June 2016 out of retained earnings at 31 December 2015 but not recognized as a liability at year end.

## 25 DETAILS OF SUBSIDIARIES

Company name	Place and date of incorporation/ and kind of legal entity	Particulars of capital as at 31.12.2015	Attributable equity interest held	Principal activities
Ganzhou Chinese Modern Agriculture Co., Ltd	Established in the PRC on 14.10.2005, wholly foreign-owned enterprise	Registered and paid-in capital of HK\$39,000,000	100%	Cultivation and sale of agriculture produce
Worldwide Network Investment Group Limited	Incorporated in Hong Kong on 15.10.2012	HK\$100	100%	PRC subsidiary Holding Company
DFM Group Australia Pty Ltd	Incorporated in Australia on 18.11.2015	\$1	100%	Australian services
DFM HK Limited	Incorporated in Hong Kong on 19.11.2015	HK\$1	100%	Hong Kong services

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK\$99.00; and
- The remaining one (1) ordinary shares in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK\$1.00.
- The Company was listed on the Australian Securities Exchange on 19 October 2015.

## 26 PARENT ENTITY FINANCIAL INFORMATION

In preparing the individual financial statements for the parent entity, the accounting policies are the same as the accounting policies disclosed above, except that the amounts are presented in Australian Dollars, which shows the following aggregate amounts:

	2015 AUD	2014 AUD
Balance sheet		
Current assets	2,675,544	-
Total assets	35,707,014	-
Current liabilities	406,285	-
Total liabilities	406,285	-
Shareholders' equity		
Issued capital	38,276,531	-
Accumulated losses	(2,975,802)	-
Profit or loss for the year	(2,975,802)	-
Total comprehensive loss for the year	(2,975,802)	-

The parent has no contingent liabilities or contractual commitments.

The parent has not entered into a deed of cross guarantee

## **27 AUDITOR'S REMUNERATION**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### **(a) PKF Australia**

#### **(i) Audit and other assurance services:**

	<b>2015 AUD</b>	<b>2014 AUD</b>
Audit of financial statements	65,000	-
Review of interim financial statements	35,000	-
Reporting accountant	90,000	-
Total	190,000	-

### **(b) Other PKF network firm**

#### **(i) Audit and other assurance services:**

	<b>2015 RMB</b>	<b>2014 RMB</b>
Audit of financial statements	641,600	1,261,410
Total	641,600	1,261,410

## **28 EVENTS AFTER THE REPORTING DATE**

Except as disclosed elsewhere in these financial statements, there have been no material subsequent events undertaken by the company or by the Group after 31 December 2015.

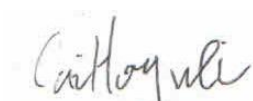


## DIRECTOR'S DECLARATION

In accordance with the resolution of the Directors, the Directors of Dongfang Modern Agriculture Holding Group Limited declare that:

1. In the opinion of the Directors:
  - a. The financial statements, including the notes and additional disclosures included in the Directors' Report, of Dongfang Modern Agriculture Holding Group Limited and its controlled entities ("Group"):
    - i. are in accordance with the Corporations Act 2001 (Cth);
    - ii. give a true and fair view of the Group's financial position as at 31 December 2015 and of the performance of the Group for the year ended on that date; and
    - iii. comply with Australian Accounting Standards and the Corporation Regulations 2001 (Cth);
  - b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become payable; and
  - c. The financial statements and the notes to those financial statements are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 (Cth) for the financial year ended 31 December, 2015.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.



Hongwei Cai  
Director

30 March 2016

## INDEPENDENT AUDITOR'S REPORT

29 March 2016

PKF  
Level 8, 1 O'Connell St  
SYDNEY NSW 2000

Dear Scott

**Subject: Management representation letter on the financial report of Dongfang Modern Agriculture Holding Limited and its Controlled Entities ("the group")**

This representation letter is provided in connection with your audit of the financial report of Dongfang Modern Agriculture Holding Limited and its Controlled Entities (the "group") for the year ended 31 December 2015, for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting standards (including the Australian Accounting Interpretations (and, when appropriate, relevant statutory and other requirements))

We acknowledge our responsibility for ensuring that the financial report is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the group's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia,

and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- 1. We have made available to you:
  - (a) all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
  - (b) minutes of all meetings of directors.
- 2. There:
  - (a) has been no fraud, error or non-compliance with laws and regulations involving management or employees who have a significant role in internal control;

- (b) has been no fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report; and
  - (c) have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
- 3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial accounting records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- 4. We believe the effects of those uncorrected financial report misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole.
- 5. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
- 6. We have considered the requirements of AASB 136: Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
- 7. The following have been properly recorded and/or disclosed in the financial report:
  - (a) related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
  - (b) share options, warrants, conversions or other requirements;
  - (c) no arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
  - (d) no agreements to repurchase assets previously sold;
  - (e) no material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;
  - (f) no unasserted claims or assessments that our lawyer has advised us are probable of assertion; and
  - (g) no losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
- 8. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

9. The group has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
10. The group has complied with all aspect of contractual agreements that would have a material effect on the financial report in the event of non-compliance
11. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
12. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
13. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully



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Charles So  
Director & Chief Executive Officer

29 March 2016

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Date

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 March 2016.

### Security Classes

Fully Paid Ordinary Shares

Paid Ordinary Shares Voluntary Escrowed to 24/04/2016

Holdings Ranges	Holders	Total Units	%
1-1,000	56	36,513	0.009
1,001-5,000	251	617,164	0.158
5,001-10,000	28	240,400	0.062
10,001-100,000	28	843,441	0.216
100,001-9,999,999,999	8	388,534,082	99.555
<b>Totals</b>	<b>371</b>	<b>390,271,600</b>	<b>100.000</b>

### Top 20 Holdings as at 30-03-2016

**Dongfang Modern Agriculture Holding Group Limited**

ABN 34604659270

### Security classes selected for this report:

Fully Paid Ordinary Shares

Paid Ordinary Shares Voluntary Escrowed to 24/04/2016

Holder Name	Balance at 30-03-2016	%
HONGWEI CAI	234,292,500	60.033
CITICORP NOMINEES PTY LIMITED	80,806,400	20.705
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	21,180,000	5.427
SUPER FUSION INTERNATIONAL LIMITED	21,060,000	5.396
MONEX BOOM SECURITIES (H K) LIMITED <CLIENTS A/C>	18,070,480	4.630
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	11,000,000	2.819
SUN HUNG KAI INVESTMENT SERVICES LTD <CLIENTS A/C>	1,780,936	0.456
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	343,766	0.088
MS JING SUN	89,373	0.023
QTFT PTY LTD	73,200	0.019
KLOCKMANN INVESTMENTS PTY LTD <KLOCKMANN FAMILY SMSF A/C>	70,000	0.018
APOLLAN PTY LTD	50,000	0.013
ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C>	43,600	0.011
SHIRLEY ELLEN SMITH	35,000	0.009
SHIRLEY SMITH & WILLIAM SAYER <SHIRLEY SMITH SUPER FUND A/C>	35,000	0.009
MS YUAN SUN	33,400	0.009
MR COLIN GRAHAM HALL	33,000	0.008
MULTIPACK PTY LIMITED	30,000	0.008
MR YACHEN ZHANG	30,000	0.008
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,578	0.007
	389,083,233	99.696
<b>Total of Securities</b>		<b>390,271,600</b>

## Substantial shareholders

Holder Name	# of shares	%
HONGWEI CAI	312,390,000	80.044
SUPER FUSION INTERNATIONAL LIMITED	21,060,000	5.396
PROSPER RICH INVESTMENTS LIMITED	20,000,000	5.125



## CORPORATE DIRECTORY

Directors	Hongwei Cai Chiu (Charles) So Ming Sing Barton Tso Dan Lin Michael Wai-Man Choi
Chief Financial Officer Company Secretary	Kwok Kuen (Edward) Yuen Greg Starr
Registered office and principal place of business	Level 12, 225 George Street, Sydney NSW 2000  Telephone: +61 414 906 611 Email: <a href="mailto:info@dongfangmodernagriculture.com.au">info@dongfangmodernagriculture.com.au</a>
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000  Telephone: +61 2 9290 9664
Auditor	PKF(NS) Audit & Assurance Limited Partnership Level 8, 1 O'Connell Street Sydney NSW 2000 Australia GPO Box 5446 Sydney NSW 2001
Bankers	ANZ Level 17, 242 Pitt Street Sydney, NSW 2000
ASX Code	DFM – Fully Paid Ordinary (“FPO”) Shares
Website	<a href="http://dongfangmodernagriculture.com.au">dongfangmodernagriculture.com.au</a>
ACN	604 659 270

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